

Message Text

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TO AMCONSUL ISTANBUL

INFO AMEMBASSY ANKARA

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SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO TURKEY

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$24,750,000 TO LASTIK SANAYI VE TICARET A.S. (LASSA). RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, THURSDAY, JULY 10, 1975.

QUOTE: EXIMBANK CREDIT OF \$24,750,000 SUPPORTS \$55 MILLION SALE OF U.S. EQUIPMENT FOR TIRE PLANT FOR TURKISH COMPANY

TO SUPPORT A \$55 MILLION SALE OF U.S. GOODS, EQUIPMENT AND SERVICES REQUIRED FOR A NEW TIRE MANUFACTURING PLANT IN IZMIR, TURKEY, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$24,750,000 IN FAVOR OF LASTICK SANAYI VE TICARET A.S. (LASSA). LASSA IS A MEMBER OF HACI UNCLASSIFIED

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OMER SABANCI HOLDING, ONE OF THE LARGEST AND MOST SUCCESSFUL PRIVATE INDUSTRIAL GROUPS IN TURKEY.

U.S. PURCHASES INCLUDE ENGINEERING SERVICES, VARIOUS TIRE-BUILDING

MACHINES, MIXERS, PRESSES, VULCANIZERS, CALENDARS AND EXTRUDERS. SUPPLIERS INCLUDE AKRON STANDARD DIVISION OF EAGLE-PICHER INDUSTRIES, INC., CINCINNATI, OHIO; HALE AND KULLGREN, INC., AKRON, OHIO, SUBSIDIARY OF THE H.K. FERGUSON COMPANY, CLEVELAND, OHIO, SUBSIDIARY OF MORRISON-KNUDSEN, BOISE, IDAHO; N.R.M., AKRON, OHIO, SUBSIDIARY OF CONDEC, OLD GREENWICH, CONNECTICUT; AND STEWART-BOLLING & COMPANY, SUBSIDIARY OF INTERCOLE, AUTOMATION, LOS ANGELES, CALIFORNIA.

EXIMBANK'S CHAIRMAN WILLIAM J. CASEY SAID THIS EXIMBANK-SUPPORTED TRANSACTION WOULD HELP MAINTAIN EMPLOYMENT IN THIS SECTOR OF THE ECONOMY BY PROVIDING SOME 2,000 MAN-YEARS OF EMPLOYMENT USED IN THE MANUFACTURE OF TIRES HAVE BEEN AFFECTED BY THE CURRENT ECONOMIC DOWNTURN. THIS TRANSACTION WILL ALSO ENABLE TURKEY TO REDUCE ITS IMPORTS OF TIRES FROM EUROPE AND THUS CONSERVE ITS FOREIGN EXCHANGE.

THE EXIMBANK CREDIT REPRESENTS 45 PERCENT OF THE TOTAL U.S.SALE. EXIMBANK IS ALSO PROVIDING A FINANCIAL GUARANTEE OF A CREDIT OF \$22 MILLION FROM THE PRIVATE EXPORT FUNDING CORPORATION OF NEW YORK, TO COVER 40 PERCENT OF THE TOTAL U.S. COSTS. LASSA WILL MAKE CASH PAYMENT OF THE REMAINING 15 PERCENT.

INTEREST ON EXIMBANK'S LOAN WILL BE AT 8 PERCENT PER ANNUM. THIS RATE, COMBINED WITH THE ESTIMATED INTEREST RATE FROM PEFCO, BASED ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO LASSA OF 8.62 PERCENT TO 8.87 PERCENT.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING JANUARY 31, 1978. EXIMBANK'S LOAN WILL BE REPAID OUT OF A PORTION OF THE 8TH INSTALLMENT AND ALL OF INSTALLMENTS 9 THROUGH 16. REPAYMENT OF TWO-THIRDS OF THE EXIMBANK DIRECT AND GUARANTEED CREDIT WILL BE GUARANTEED BY AKBANK T.A.S. AND TURKIYE GARANTI NAKASI JOINTLY AND SEVERALLY. REPAYMENT OF ONE-THIRD WILL BE GUARANTEED BY TURKIYE CUMHURİYETİ ZIRAAT BANKASI. UNQUOTE SISCO

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